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THE WHITE HOUSE
WASHINGTON

GATT
Nat gas deregulation
How to rebate
pay for commercialization ?
coal - liquid & gasification?
Elk Hills - save Navy oil?
move some items to TV talk

TVA - model

1) Difficult - no applause
2) See why not done before
1 3) Leave in ground - 0.1 ℓ gas (no crash program!)
3 4) Encourage voluntary conservation
5) Last 4 years - prices quintupled
1 6) Most nations - maximum production
7) '77 - 60? mbd '80 - 85 mbd '85 100 mbd
3 8) Buildings waste energy
3 9) Large autos waste energy
3 10) Utilities waste oil & gas
3 11) Inadequate prices waste energy
1 12) Unnecessary regulation wastes energy
1 13) Deregulate Nat gas - use to BTU equiv of oil
14) Trade deficits
15) Many countries cannot reduce oil consumption (Count & other nations)
16) Fundamental - do we have internal discipline required?
17) Plan must adjust as circumstances Δ
a 18) Energy industry - not reap large unearned profits
Govt should capture for people
19) Avoid energy balkanization
20) Economic growth > energy consumption growth
21) Return taxes to people
3 22) Europe auto = 2700 cc US 4100
Must enforce Congress efficiency standards
Gas guzzler tax
Standby gas tax 1970 now
1 23) Cogeneration 45 - 4% Germany 29% Total energy
24) May not like small increment (5) - Support overall plan
25) Nuke plants now?

Production
Equity
Conservation
New fuels

26) 1980 - tax on gas/oil in stationary plants
27) Tax credit conversion to coal
28) New plants - ~~coal~~ no oil/gas
29) R&D Billions on nuclear - little on coal
Scrubbers - front end coal cleaning - low BTU gas for coal - Fluidized bed boilers - mining methods
30) U_2 = at least 500 to ~~30 yrs~~ 600 plants 63 now (3%) - 38 years
31) Cancel LMFBR Construction & licensing
32) Enrichment gaseous diff ⇒ Centrifuge ⅒ energy
33) Licensing - expedite - siting & safety
34) Spent fuel storage
35) Navy oil storage - cut back authority
36) No limit on LNG - no fed subsidy
37) Equitable distribution of imports
38) Synthetic NG → + 1 trillion ft³ 1980
39) Elim gasoline price controls
40) Imports of oil 1977 9 mbd 1985 6 mbd
(not independence)
41) Contingency plan - nat emerg - incl rationing
42) Solar - tax credit = launch solar home heat industry
43) Geothermal - same tax incentives as gas/oil drilling
44) DoE - carry out plan - data collection - regulate - coordinate R&D - Conservation
45) Goals - joint House/Senate resolution
46) Vertical/horizontal accountability (divestiture?) - refine - produce market - distribute - domestic/foreign -
47) Remove tax shelters - Cooperatives/ind same int drill cred
48) Results: Save energy - econ growth - promote peace jobs - Capital for industry - protect environment - remove uncertainty - promote peace

THE PRESIDENT'S REMARKS

4/20/77
7:00 a.m.

Mr. President, Mr. Speaker, Members of the Congress, and ~~distinguished~~ guests.

The last time we met as a group was, ~~three months~~ exactly three months ago, on Inauguration day. ~~In those three months~~ But we've had a good beginning ~~have begun our work~~ as partners in addressing our nation's problems.

But, In the months ahead, we must work together even more closely, for we ~~must~~ have to deal with the greatest domestic challenge our nation will face in our lifetime. We must act now -- together -- to devise and, to implement a comprehensive national energy plan to cope with an ~~energy~~ crisis that otherwise could overwhelm us.

from p 3 *→

The heart of our energy problem is that our demand for fuel keeps rising more quickly than our production, and our primary means of solving this problem is to reduce waste and inefficiency.

Oil and natural gas make up 75 percent of our consumption in this country, but they represent only 7 percent of our reserves. Our demand for ~~energy is~~ oil has been rising by morethan ~~3½~~ 5 percent each year, but domestic oil production has been falling lately by ~~about~~ more than 6 percent. Our imports of oil have risen sharply -- making us more vulmerable if supplies are interrupted -- but early in the 1980s even foreign world oil will become increasingly scarce. If it were possible for demand to continue rising during the 1970's at the present rate of 5% a year, we could use up all the proven reserves of oil in the entire world by the end of the next decade.

Our trade deficits are growing. We imported more than $35 billion worth of oil last year, and we ~~We~~ will spend ~~$10 billion~~ much more than that this year. The time has come to draw the line.

We could continue to ignore this problem -- but to do so would subject our people to an impending catastrophe.

That is why we need a comprehensive national energy ~~plan~~ policy. Your advice has been an important influence as this plan has taken shape. Many of its proposals will build on your own legislative initiatives.

This ~~is not~~ cannot be an inspirational speech, ~~but~~, a ~~sobering~~ and difficult presentation. During the last three months, I have come to realize very clearly why a comprehensive energy policy has not already been evolved. It is a thankless job, but it is our job, and I believe we have a fair, well balanced and effective plan to present to you ~~tonight~~. It can lead to an even better life for the people of America.

Two nights ago, I spoke ~~to you~~ to the American people about the principles behind our plan and our goals for 1985:

-- to reduce the annual growth rate in our energy demand to less than 2 percent;

-- to reduce gasoline consumption by 10 percent ~~below its current level;~~

-- to cut imports of foreign oil to 6 million barrels a day, less than half the level it would be if we did not conserve;

-- to establish a strategic petroleum reserve of one billion barrels, about a ten months' supply;

-- to increase our coal production by more than two-thirds, to one billion tons a year;

-- to insulate 90 percent of American homes and all new buildings; and

-- to use solar energy in more than two and a half million homes.

I hope that the Congress will adopt these goals by joint resolution as a demonstration of our mutual commitment to achieve them.

Tonight I want to outline the specific steps by which we can reach those goals. The proposals fall into these central categories:

-- conservation,

-- production,

-- conversion,

-- development, and

-- fairness, which is a primary consideration in all our proposals.

We prefer to reach these goals through voluntary cooperation with a minimum of coercion. In many cases, we propose financial incentives, which will encourage people to save energy and will harness the power of our free economy to ~~accomplish our goals~~ meet our needs.

But I must say to you that voluntary compliance will not be enough -- the problem is too large and the

time is too short.

In a few cases, penalties and restrictions to reduce waste are essential.

Our first goal is conservation. It is the cheapest, most practical way to meet our energy ~~goals~~ needs and to reduce our growing ~~vulnerability to~~ dependence on foreign supplies of oil.

With proper planning, economic growth, enhanced job opportunities and a higher quality of life can result even while we eliminate the waste of energy.

The two areas where we waste ~~the~~ most of our energy are transportation and our heating and cooling systems.

Transportation consumes 26 percent of our energy -- and as much as half of that is waste. In Europe the average automobile weighs 2,700 pounds; in our country it ~~weighs~~ 4,100 pounds.

The Congress has already adopted fuel efficiency standards, which will require new cars to average 27.5 miles per gallon by 1985 instead of the 18 they average today.

To insure that this existing congressional mandate is met, I am proposing a graduated excise tax on new gas guzzlers that do not meet federal mileage standards. The tax will start low and then rise each year until 1985. ~~In~~ In 1978, a tax of ~~$179~~ $180 will be levied on a car getting 15 miles per gallon, and for an 11 mile-per-gallon car the tax will be ~~$449~~ $450. By 1985, the taxes on wasteful new cars with the same fuel mileage will have risen to $1600 and $2500 ~~for new cars with this extremely low efficiency.~~

All of the money collected by this tax on wasteful automobiles ~~would~~ will be returned to consumers, ~~in the form of~~ through rebates on cars that ~~were~~ are more efficient than the mileage standard. ~~It is~~ We expected that both efficiency

and automobile production and sales will increase under this proposal. We will insure that American automobile workers and their families do not bear an unfair share of the burden.

Now I want to discuss one of the most controversial and misunderstood parts of the energy proposal -- a standby tax on gasoline.

We simply must save gasoline, and I believe that the American people can meet this challenge. It is a matter of patriotism and commitment.

By 1980 we can and should hold gasoline consumption near the present level. For the following five years, we need to reduce consumption 2 percent per year to reach our goal of a 10 percent reduction by 1985.

I propose that we commit ourselves to these fair, reasonable and necessary goals and at the same time write into law a gas tax of an additional 5 cents per gallon that will automatically take effect every year that we

fail to meet ~~those~~ our annual targets. As an added incentive, if we miss one year but are back on track the next, the additional tax would come off. If the American people respond to our challenge, we can meet these ~~reasonable~~ targets, and this gasoline

~~This~~ tax will never be imposed ~~if we meet these targets.~~ I know and you know it can be done. ~~reasonable goals.~~

As with other taxes, we must minimize the adverse effects on our economy -- reward those who conserve -- and penalize those who waste. Therefore, any proceeds from the tax -- if it is triggered -- should be returned to the general public in an equitable manner.

I will also propose a variety of other measures to make our transportation system more efficient, ~~including:~~

(a) improving the automobile testing program, so that performance estimates are much closer to the mileage drivers can actually get on the road;

(a) ~~(b)~~ setting efficiency standards for light duty trucks;

(b) buying more efficient vehicles for government use;

(c) ~~(d)~~ abolishing the federal excise tax on inter-city buses; and

(d) ~~(e)~~ increasing the tax on fuel for motor boats and all planes other than commercial carriers and air-taxies.

One of the side effects of conserving gasoline is that state governments collect less money through gasoline taxes. To reduce their hardships and to insure adequate highway maintenance, we ~~will~~ should compensate states for this loss through the highway trust fund.

The second major area where we can reduce waste is in our homes and buildings. Some buildings waste half the energy used for heating and cooling. From now

on, we must make sure that new buildings are as efficient as possible, and that old buildings are equipped -- or "retrofitted" -- with insulation and heating systems that dramatically reduce the use of fuel.

The federal government ~~will~~ should set an example ~~by making its own buildings among the most efficient in the country.~~ I will issue an executive order establishing strict conservation goals for both new and old federal buildings ~~I will direct~~ Our goal should be a 45 percent increase in energy efficiency for new buildings, and a 20 percent increase for existing buildings by 1985.

We also need incentives to help those who own homes and businesses to conserve.

Those who weatherize buildings would be eligible for a tax credit of 25 percent of the first $800 invested in conservation, and 15 percent of the next $1,400.

If homeowners prefer, they may take advantage of a weatherization service which all regulated utility companies will be required to offer. The utilities would arrange for the contractors and provide reasonable financing. The customer would pay for the improvements through small, regular additions to monthly utility bills. In many cases, these additional charges would be almost entirely offset by lower energy consumption brought about by energy savings.

Other proposals for conservation in homes and buildings include:

--direct federal help for low-income residents;

--an additional 10 percent tax credit for business investments;

--federal matching grants to non-profit schools and hospitals; and

-- public works money for weatherizing state and local government buildings.

While improving the efficiency of our businesses and homes, we must also make electrical home appliances more efficient. I propose legislation that would,for the first time, impose stringent efficiency standards for household appliances by 1980.

We must also reform our utility rate structure. For many years we have rewarded waste by offering the cheapest rates to the largest users. It is difficult for individual states to make such reforms because of the competition for new industry. The only fair way is to adopt a set of principles to be applied nationwide.

I am therefore proposing legislation which would require the following steps over the next two years:

-- Phasing out promotional rates and other princing systems that make natural gas and electricity artifically cheap for high-volume users and which do not accurately reflect costs;

-- Peak-load pricing [systems] offering users techniques which set during the day [which offer] higher charges when demand is great and lower charges when demand is small; and

-- Individual meters for each apartment in new buildings instead of one master meter.

[We have already begun plans] Plans are already being discussed for the TVA System to act as a [grant] model for implementing such new programs to conserve energy.

One final step towrad conservation is to encourage industries and utilities to expand "cogeneration" projects, which capture much of the steam that is now wasted in generating electricity. In Germany, 29 percent of total energy comes from cogeneration, but only 4 percent in the United States.

I propose a special 10 percent tax credit for investments in cogeneration.

Along with conservation, our second major strategy is production and national pricing.

We can never increase our production of oil and natural gas by enough to meet our demand, but we must be sure that our pricing system is sensible, discourages waste and encourages exploration and new production.

One of the principles of our energy policy is that the price of energy should reflect its true replacement cost, as a means of bringing supply and demand into balance over the long-run. Realistic pricing is especially important for our scarcest fuels, oil and natural gas. However, total decontrol of domestic oil and gas prices would be a disaster for our economy and for working Americans, and would not solve long range problems of dwindling supplies.

The price of newly discovered oil will be allowed to rise, over a three-year period, to the 1977 world market price, with allowances for inflation. The current

return to producers for previously discovered oil would remain the same, except for adjustments because of inflation.

Because fairness is an essential strategy of our energy program, we do not want to give producers windfall profits, beyond the incentives they need for exploration and production. But we are misleading ourselves if we do not recognize the replacement costs of energy in our pricing system.

Therefore, I propose that we phase in on existing supplies of domestic oil a wellhead tax, equal to the difference between the present controlled price of oil and the world price, and return the money collected by this tax to the consumers and workers of America.

We should also end the articifial distortions in natural gas prices in different parts of the country which have caused people in the producing states to pay exorbitatnt prices, while creating shortages, unemployment

and economic stagnation, particularly in the Northeast. We must not permit energy shortages to balkanize our nation.

I want to work with the Congress to ~~deregulate the price of newly discovered natural gas.~~ give gas producers an adequate incentive for exploration by working carefully toward deregulation of newly discovered natural gas as market conditions permit.

~~As a first step,~~ I propose now that the price limit for all new gas sold anywhere in the country be set at the price of the equivalent energy value of domestic crude oil, beginning ~~That will mean a price of about $1.75 per thousand cubic feet~~ in 1978. This proposal will apply both to new gas and to expiring intrastate contracts. It would not affect existing contracts.

We must be sure that oil and natural gas are not wasted by industries and utilities that could use coal instead. Our third strategy will be conversion from scarce fuels to coal wherever possible.

Although coal now provides only 18 percent of our energy needs, it ~~is our most abundant energy resource,~~ makes ~~making~~ up 90 percent of our energy reserves. Its production and use create environmental difficulties, but we can cope with them through strict strip-mining and clean air standards.

To increase the use of coal by 400 million tons, or 65 percent, in industry and utilities by 1985, I propose the ~~following measures~~:

A sliding scale tax, starting in 1979, on large industrial users of oil and natural gas. Fertilizer manufacturers and crop dryers which must use gas would be exempt from the tax. Utilities would not be subject to these taxes until 1983, because it will take them longer to convert to coal.

I will also submit proposals for exapnded research and development in coal. We need to find better ways to mine it safely and burn it cleanly, and to use it to produce other clean energy sources. We have spent billions on research and development of nuclear power, but very little on coal. Investments here can pay rich dividends.

Even with this conversion effort, we will still face a gap -- between the energy we need and the energy we can produce and import. Therefore, as a last resort we must continue to use increasing amounts of nuclear energy.

We now have 63 nuclear power plants, producing about 3 percent of our total energy and about 70 more are licensed for construction. Domestic uranium supplies can support these plants for another 75 years. Effective

conservation efforts can minimize the shift toward nuclear power. There is no need to enter the plutonium age by licensing or building a ~~commercial~~ prototype fast breeder reactor such as the proposed demonstration plant at Clinch River.

We must, however, increase our capacity to produce enriched uranium for light water nuclear power plants, using the new centrifuge technology, which consumes only about 1/10th the energy of existing gaseous diffusion plants.

Adequate storage for spent nuclear fuel will be required.

We must also reform the nuclear licensing procedures. ~~Proper siting, safety standards, and plant supevision must be guaranteed.~~ New plants should not be located near earthquake fault zones or near population centers, safety Standards should be strengthened, enforced, and design standardized as much as possible, ~~and a federal inspector should ...~~ and more adequate storage for spent fuel assured.

However, even with the most thorough safeguards, it should not take ten years to license a plant. I propose that we establish reasonable, objective criteria for licensing, and that plants which are based on a standard design studies for design not require extensive individual licensing.

Our fourth strategy is to develop permanent and reliable new energy sources.

The most promising is solar energy, for which much of the technology is already available. Solar water heaters and space heaters are ready for commercialization. All they need is some incentive to initiate the growth of a large market.

Therefore, I am proposing a gradually decreasing tax credit, to run from now through 1984, for those who purchase approved solar heating equipment. Initially, it would be 40 percent of the first $1,000 and 25 percent of the next $6,400 invested.

Increased production of geothermal energy can be insured by providing the same tax incentives as for gas and oil drilling operations.

Our guiding principle, as we developed this plan, was that above all it must be fair.

None of our people must make an unfair sacrifice.

None should reap an unfair benefit.

The desire for equity is reflected throughout our plan:

-- in the wellhead tax, which encourages conservation but is returned to the public;

-- in a dollar-for-dollar refund of the wellhead tax as it affects home heating oil;

-- in reducing the unfairness of natural gas pricing;

-- in ensuring that homes will have the oil and natural gas they need, while industry turns toward the more abundant coal that can also suit its needs;

-- in basing utility prices on true cost, so every user pays a fair share;

-- in the automobile tax and rebate system, which rewards those who save our energy and penalizes those who waste it.

I propose one other step to insure proper balance in our plan. We need more accurate information about our supplies of energy, and about the companies that produce it.

If we are asking sacrifices of ourselves, we need facts we can count on. We need an independent information system that will give us reliable data about energy reserves and production, emergency capabilities and financial data from the energy producers.

I happen to believe in competition, and we don't have enough of it.

During this time of increasing scarcity, competition among energy producers and distributors must be guaranteed. I recommend that individual accounting be required from energy companies for production, refining, distribution and marketing -- separately for domestic and foreign operations. Strict enforcement of the anti-trust laws can be based on this data, and may prevent the need for divestiture.

Profiteering through tax shelters should be prevented, and independent drillers should have the same intangible tax credits as the major corporations.

The energy industry should not reap large unearned profits. Increasing prices on existing inventories of oil should not result in windfall gains but should be captured for the people of our country.

We must make it clear to everyone ~~in this country~~ that ~~the~~ our people, through their government, will now be setting our energy policy.

The new Department of Eenrgy should be established without delay. Continued fragmentation of government authority and responsibility for our nation's energy program is dangerous and unnecessary.

Two nights ago, I said that this difficult effort would be the moral equivalent of war. If successful, this effort will protect our jobs, our environment, our national independence, our standard of living, and our future. Our energy policy will be innovative, but fair and predictable. It will not be easy. It will demand the best of us -- our vision, our dedication, our courage, and our sense of common purpose.

But we have met challenges before, and our nation has been the stronger for it. That is the responsibility that we face ~~together now~~ -- you in the Congress, the members of my administration, and all the people of our country. I am confident that together we will succeed.

# # #

This is a carefully ~~done~~ balanced program, depending for its fairness ~~and~~ on all its major component parts. It will be a test of our ~~national strength~~ basic political strength and ability.

4/19/77
6:00 p.m.

Tel cost to Treasury? When plan available

MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE CONGRESS:

THE LAST TIME WE MET AS A GROUP WAS THREE MONTHS AGO, ON INAUGURATION DAY. IN THOSE THREE MONTHS WE HAVE BEGUN OUR WORK AS PARTNERS IN ADDRESSING OUR NATION'S PROBLEMS.

IN THE MONTHS AHEAD, WE MUST WORK TOGETHER EVEN MORE CLOSELY, FOR WE MUST DEAL WITH THE GREATEST DOMESTIC CHALLENGE OUR NATION WILL FACE IN OUR LIFETIMES. WE MUST ACT NOW -- TOGETHER -- TO ~~IMPLEMENT~~ devise and implement A COMPREHENSIVE NATIONAL ENERGY PLAN TO COPE WITH AN ENERGY CRISIS THAT OTHERWISE COULD OVERWHELM US.

THE HEART OF OUR ENERGY PROBLEM IS THAT OUR DEMAND FOR FUEL KEEPS RISING MORE QUICKLY THAN OUR PRODUCTION, AND ~~THE~~ PRIMARY ~~REASON FOR THAT RISE IS~~ our means of solving this problem is to reduce WASTE AND INEFFICIENCY.

OIL AND NATURAL GAS MAKE UP 75 PER CENT OF OUR CONSUMPTION IN THIS COUNTRY, BUT THEY REPRESENT ONLY 7 PER CENT

OF OUR RESERVES. OUR DEMAND FOR ENERGY IS RISING BY MORE THAN 3 PER CENT EACH YEAR, BUT DOMESTIC PRODUCTION HAS BEEN FALLING BY ABOUT 6 PER CENT. OUR IMPORTS OF OIL HAVE RISEN -- MAKING US MORE VULNERABLE ~~TO INTERRUPTION OF SUPPLY --~~ BUT EARLY IN THE 1980'S EVEN FOREIGN OIL WILL BECOME SCARCE.

OUR TRADE DEFICITS ARE GROWING, ~~CAUSED BY~~ IMPORTING MORE THAN $35 BILLION WORTH OF OIL LAST YEAR. WE WILL SPEND $10 BILLION MORE THAN THAT THIS YEAR.

WE COULD CONTINUE TO IGNORE THIS PROBLEM ~~FOR A WHILE~~ -- BUT TO DO SO WOULD SUBJECT ~~OURSELVES, AND OUR CHILDREN,~~ TO ~~A~~ CATASTROPHE, ~~-- NOT FAR IN THE FUTURE~~.

THAT IS WHY WE NEED A COMPREHENSIVE NATIONAL ENERGY PLAN. YOUR ADVICE HAS BEEN AN IMPORTANT INFLUENCE AS THIS PLAN HAS TAKEN SHAPE. MANY OF ITS PROPOSALS BUILD ON ~~YOUR LEGISLATIVE EFFORTS YOU HAVE MADE BEFORE.~~

not an inspirational speech, but

THIS IS A SOBERING AND DIFFICULT PRESENTATION, ~~AND~~

~~I DON'T EXPECT APPLAUSE~~. DURING THE LAST THREE MONTHS, I

HAVE COME TO REALIZE VERY CLEARLY WHY A COMPREHENSIVE ENERGY

POLICY HAS NOT ALREADY BEEN EVOLVED. IT IS A THANKLESS JOB, BUT

IT IS OUR JOB, AND I BELIEVE

[BUT] WE HAVE A FAIR, WELL-BALANCED AND EFFECTIVE PLAN TO PRESENT

TO YOU TONIGHT. It can lead to ~~and~~ an even better

life for ~~American~~ the people of America.

you

TWO NIGHTS AGO, I SPOKE TO ~~THE AMERICAN PEOPLE~~ ABOUT

our

THE PRINCIPLES BEHIND OUR PLAN AND ~~LISTED OUR SPECIFIC~~ GOALS

FOR 1985:

-- TO REDUCE THE ANNUAL GROWTH RATE IN OUR ENERGY

DEMAND TO LESS THAN 2 PER CENT;

-- TO REDUCE GASOLINE CONSUMPTION BY 10 PER CENT

BELOW ITS CURRENT LEVEL;

imports of

-- TO CUT ~~DEMAND FOR~~ FOREIGN OIL TO 6 MILLION BARRELS

A DAY, LESS THAN HALF THE LEVEL IT WOULD BE IF WE DID NOT

CONSERVE;

-- TO ESTABLISH A STRATEGIC PETROLEUM RESERVE OF ONE about a TEN BILLION BARRELS, ~~MORE THAN A SIX~~ MONTHS' SUPPLY;

-- TO INCREASE OUR COAL PRODUCTION BY MORE THAN TWO THIRDS, TO ONE BILLION TONS A YEAR;

-- TO INSULATE 90 PER CENT OF AMERICAN HOMES AND ALL NEW BUILDINGS; and

-- TO USE SOLAR ENERGY IN MORE THAN TWO AND A HALF MILLION HOMES.

I HOPE THAT THE CONGRESS WILL ADOPT THESE GOALS BY JOINT RESOLUTION AS A DEMONSTRATION OF OUR MUTUAL COMMITMENT TO ACHIEVE THEM.

TONIGHT I WANT TO OUTLINE THE SPECIFIC STEPS BY WHICH WE CAN REACH THOSE GOALS. THE PROPOSALS FALL INTO ~~FOUR~~ these central CATEGORIES, ~~REFLECTING FOUR CENTRAL STRATEGIES:~~

-- CONSERVATION

-- PRODUCTION

-- CONVERSION

-- DEVELOPMENT. and Fairness, which is a primary consideration in all our proposals.

~~RUNNING THROUGH ALL OF THE PROPOSALS IS AN ADDITIONAL STRATEGY -- EQUITY TO THE AMERICAN PUBLIC.~~

WE PREFER TO REACH THESE GOALS THROUGH COOPERATION ~~AMONG OUR PEOPLE~~, WITH A MINIMUM OF COERCION. ~~[IN EACH AREA WE SUGGEST HOW THE GOVERNMENT CAN SET A POSITIVE EXAMPLE AND LEAD THE WAY.]~~ IN MANY ~~OTHER~~ CASES, WE PROPOSE FINANCIAL INCENTIVES, WHICH WILL ENCOURAGE PEOPLE TO SAVE ENERGY AND WILL HARNESS THE POWER OF OUR FREE ECONOMY TO ACCOMPLISH OUR GOALS.

BUT I MUST SAY TO YOU THAT VOLUNTARY COMPLIANCE WILL NOT BE ENOUGH -- THE PROBLEM IS TOO LARGE AND THE TIME IS

TOO SHORT. ~~THE TIME HAS COME TO FACE REALITY.~~

IN A FEW ~~RESTRICTED~~ CASES, ~~WE BELIEVE THAT~~ PENALTIES AND RESTRICTIONS TO REDUCE WASTE ARE ESSENTIAL.

~~I. CONSERVATION~~

OUR FIRST GOAL IS CONSERVATION. IT IS THE CHEAPEST, ~~approach to our energy problem~~ a way to meet our energy goals MOST PRACTICAL WAY TO REDUCE PRESSURE ON OUR ENERGY SUPPLIES. ~~IT IS~~ so that THE ONLY WAY WE CAN and to REDUCE OUR GROWING VULNERABILITY TO FOREIGN SUPPLIES OF OIL.

~~CONSERVATION WILL REQUIRE A CHANGE IN OUR ATTITUDES, AND A NEW AWARENESS OF HOW PRECIOUS OUR ENERGY IS. BUT IN~~ MOST CASES IT WILL SIMPLY MEAN ENDING WASTE, ~~RATHER THAN MAKING MAJOR ADJUSTMENTS IN OUR WAY OF LIFE.~~ WITH PROPER PLANNING, ECONOMIC GROWTH AND ENHANCED JOB OPPORTUNITIES and a higher quality of life CAN RESULT EVEN WHILE WE ELIMINATE THE WASTE OF ENERGY.

The
TWO AREAS WHERE WE WASTE THE MOST ENERGY ~~-- AND WHERE WE CAN MOST EASILY SAVE --~~ ARE TRANSPORTATION AND OUR HEATING AND COOLING SYSTEMS.

TRANSPORTATION CONSUMES ~~25~~ 26 PER CENT OF OUR ENERGY -- AND ~~AT LEAST~~ as much as half ~~PER CENT~~ OF THAT IS WASTE.

IN EUROPE THE AVERAGE AUTOMOBILE WEIGHS 2,700 POUNDS; IN OUR COUNTRY IT WEIGHS 4,100 POUNDS. ~~AN IMPORTANT STEP TOWARD REDUCING WASTE IS TO PRODUCE MORE EFFICIENT CARS AND TO USE THEM.~~

THE CONGRESS HAS ALREADY ADOPTED FUEL EFFICIENCY STANDARDS, WHICH WILL REQUIRE NEW CARS TO AVERAGE 27.5 MILES PER GALLON BY 1985 INSTEAD OF THE 18 THEY AVERAGE TODAY.

~~I BELIEVE~~ THESE STANDARDS CAN AND SHOULD BE TIGHTENED FURTHER FOR 1986 AND 1987, TO _____ ~~MILES PER GALLON.~~

~~TO GIVE OUR PEOPLE AN INCENTIVE TO COMPLY WITH THE~~ To insure that this EXISTING CONGRESSIONAL MANDATE ~~TO BUY MORE EFFICIENT CARS~~ is met, ~~-- AND INDUSTRY AN INCENTIVE TO DEVELOP THEM~~ -- I AM ~~ALSO~~ self PROPOSING A GRADUATED EXCISE TAX ON NEW ~~CARS~~ gas guzzlers THAT DO NOT MEET FEDERAL MILEAGE STANDARDS. THE TAX ~~WOULD~~ will START LOW AND THEN RISE EACH YEAR UNTIL 1985. IN 1978, ~~A CAR THAT FELL 3 MILES PER GALLON BELOW THE STANDARD WOULD BEAR A~~ a tax of $179 will be levied on a car getting 15 miles per gallon, ~~TAX OF $~~ 179 ~~.~~ and for an 11 mpg car ~~AT 7 MILES PER GALLON BELOW THE STANDARDS,~~ THE TAX ~~WOULD~~ will BE $ 449 . BY 1985, THE TAXES ~~WOULD~~ will HAVE RISEN TO $ 1600 and $2500 15 mpg for new cars ~~FOR A CAR 3 MILES PER GALLON BELOW THE~~ STANDARD, ~~AND $~~ 2500 11 mpg ~~FOR 7 MILES PER GALLON BELOW.~~ with this extremely low efficiency.

ALL OF THE MONEY COLLECTED BY THIS TAX ON WASTEFUL AUTOMOBILES WOULD BE RETURNED TO CONSUMERS, IN THE FORM OF REBATES ON CARS THAT WERE MORE EFFICIENT THAN THE MILEAGE STANDARD. ~~THERE WOULD BE SPECIAL PROVISIONS IN THE TAX TO~~ Thus, It is expected that both efficiency and automobile production and sales will increase under this proposal.

ENSURE THAT AMERICAN AUTOMOBILE WORKERS AND THEIR FAMILIES DO NOT BEAR AN UNFAIR SHARE OF THE BURDEN. OF COURSE, WE WILL ALSO WORK WITH OUR TRADING PARTNERS TO SEE THAT THEY ARE TREATED FAIRLY.

Now I want to discuss one of the most controversial parts of the energy proposal - a standby tax on gasoline. and misunderstood

IF WE AS A NATION ARE SERIOUS ABOUT CONSERVATION, WE MUST CLEARLY DEMONSTRATE THAT COMMITMENT. I KNOW OF NO BETTER WAY TO DO THIS THAN TO SET GOALS FOR OUR SOCIETY AND AT THE SAME TIME ESTABLISH PENALTIES TO BE PAID IF WE FAIL TO LIVE UP TO THOSE GOALS.

We simply must save gasoline, and I believe that the American people can meet this reasonable but necessary Challenge. If so, no tax on gasoline will be necessary. It is a matter of patriotism and Commitment.

Challenge

By

BETWEEN NOW AND 1980 WE CAN AND SHOULD HOLD GASOLINE CONSUMPTION AT THE PRESENT LEVEL. FOR THE FOLLOWING FIVE YEARS, WE NEED TO REDUCE CONSUMPTION 2 PER CENT PER YEAR TO REACH OUR GOAL OF A 10 PER CENT REDUCTION BY 1985.

near the

I PROPOSE THAT WE COMMIT OURSELVES TO THESE FAIR, REASONABLE AND NECESSARY GOALS AND AT THE SAME TIME WRITE

~~A~~ an additional

INTO LAW A GAS TAX OF 5 CENTS PER GALLON THAT WILL AUTOMATICALLY

the every year that we ~~only~~ five fail ~~to~~ to meet these

TAKE EFFECT ~~FOLLOWING ANY~~ YEAR ~~THAT WE FAIL TO MEET THOSE~~ ~~EFFECTIVE SHORT,~~ annual goals.

AS AN ADDED INCENTIVE,

~~GOALS. TO BE FAIR~~, IF WE MISS ONE YEAR BUT ARE BACK ON TRACK

THE NEXT, THE ADDITIONAL TAX WOULD COME OFF.

~~If~~ This tax will ~~need~~ never be ~~happen~~ imposed

if we meet these reasonable goals

AS WITH OTHER TAXES, WE MUST MINIMIZE THE ADVERSE

EFFECTS ON OUR ECONOMY -- REWARD THOSE WHO CONSERVE -- AND,

PENALIZE THOSE WHO WASTE. THEREFORE, ~~I AM ALSO PROPOSING~~

any

~~THAT THE~~ PROCEEDS FROM THE TAX -- IF TRIGGERED, ~~AND IF WE~~

~~ARE RESPONSIBLE, IT WILL NOT BE TRIGGERED~~ -- (SHOULD) BE RETURNED

TO THE PUBLIC ~~THROUGH DIRECT PER-CAPITA PAYMENTS~~. equal in an equitable manner.

I WILL ALSO PROPOSE A VARIETY OF OTHER MEASURES TO

MAKE OUR TRANSPORTATION SYSTEM MORE EFFICIENT, INCLUDING:

automobile

(a) IMPROVING THE ~~EPA~~ TESTING PROGRAM, SO ~~ITS~~ that

PERFORMANCE ESTIMATES ARE MUCH CLOSER TO THE MILEAGE DRIVERS can

ACTUALLY GET ON THE ROAD;

(b) SETTING EFFICIENCY STANDARDS FOR LIGHT DUTY TRUCKS; ~~UP TO 10,000 POUNDS;~~

(c) BUYING MORE EFFICIENT VEHICLES FOR GOVERNMENT USE;

(d) ABOLISHING THE FEDERAL EXCISE TAX ON INTER-CITY BUSES; AND

(e) INCREASING THE TAX ON FUEL FOR motor boats and ALL PLANES OTHER THAN COMMERICAL CARRIERS AND AIR-TAXIS.

ONE OF THE SIDE EFFECTS OF CONSERVING GASOLINE IS THAT STATE GOVERNMENTS COLLECT LESS MONEY THROUGH GASOLINE TAXES. TO REDUCE THEIR HARDSHIPS, AND WE WILL COMPENSATE FOR THIS LOSS THROUGH ~~SOURCES SUCH AS~~ THE HIGHWAY TRUST FUND, TO INSURE ADEQUATE HIGHWAY MAINTENANCE.

THE SECOND MAJOR AREA WHERE WE CAN REDUCE WASTE IS IN OUR HOMES AND BUILDINGS. SOME BUILDINGS WASTE HALF THE ENERGY USED

FOR HEATING AND COOLING. FROM NOW ON, WE MUST MAKE SURE THAT NEW BUILDINGS ARE AS EFFICIENT AS POSSIBLE, AND THAT OLD BUILDINGS ARE EQUIPPED -- OR "RETROFITTED" -- WITH INSULATION AND HEATING SYSTEMS THAT DRAMATICALLY REDUCE THE USE OF FUEL.

THE FEDERAL GOVERNMENT WILL SET AN EXAMPLE ~~IN THIS AREA~~ BY MAKING ITS OWN BUILDINGS AMONG THE MOST EFFICIENT IN THE COUNTRY. (~~WHEN?~~) ~~SOON~~ This month, I WILL ISSUE AN EXECUTIVE ORDER ESTABLISHING STRICT CONSERVATION GOALS FOR BOTH NEW AND OLD FEDERAL BUILDINGS. I WILL DIRECT A 45 PER CENT INCREASE IN ENERGY EFFICIENCY FOR NEW BUILDINGS, AND A ~~25~~ 20 PER CENT INCREASE FOR EXISTING BUILDINGS BY 1985.

WE ALSO NEED INCENTIVES TO HELP THOSE WHO OWN HOMES AND BUSINESSES ~~INVEST IN CONSERVATION.~~ do conserve.

~~FAMILIES WHO WISH TO WEATHERIZE THEIR HOUSES WOULD HAVE TWO CHOICES.~~

IF THEY PREFER~~RED~~ TO DO THE WORK THEMSELVES OR ARRANGE ~~FOR THEIR OWN CONTRACTORS AND SUPPLIES,~~ Those who weatherize buildings ~~THEY~~ WOULD BE ELIGIBLE FOR A TAX CREDIT OF 25 PER CENT OF THE FIRST $800 INVESTED IN CONSERVATION, AND 15 PER CENT OF THE NEXT $1,400.

If homeowners prefer ~~IF THEY PREFERRED~~, THEY may ~~COULD~~ TAKE ADVANTAGE OF A WEATHERIZATION SERVICE WHICH ALL REGULATED UTILITY companies ~~IES~~ WILL BE REQUIRED TO OFFER. THE UTILITIES WOULD ARRANGE FOR THE CONTRACTORS, ~~RECOMMEND THE PROPER STEPS,~~ AND PROVIDE REASONABLE FINANCING. ~~ALL~~ THE CUSTOMER WOULD ~~HAVE TO DO IS AGREE TO THE SERVICE AND~~ PAY FOR THE IMPROVEMENTS THROUGH SMALL, REGULAR ADDITIONS TO MONTHLY UTILITY BILLS. IN MANY CASES, THESE ADDITIONAL CHARGES WOULD BE ALMOST ENTIRELY OFFSET BY LOWER energy CONSUMPTION BROUGHT ABOUT BY energy savings. ~~THE INSULATION~~. ~~(TRUE?)~~

~~SOME OF OUR~~ OTHER PROPOSALS FOR CONSERVATION IN HOMES AND BUILDINGS INCLUDE: P DIRECT FEDERAL HELP FOR LOW-INCOME

RESIDENTS, AN additional 10 PER CENT TAX CREDIT FOR BUSINESS INVESTMENTS, AND FEDERAL GRANTS TO NON-PROFIT ~~INSTITUTIONS, SUCH AS~~ SCHOOLS AND HOSPITALS, AND PUBLIC WORKS MONEY FOR WEATHERIZING STATE AND LOCAL GOVERNMENT BUILDINGS.

WHILE IMPROVING THE EFFICIENCY OF OUR BUSINESSES AND HOMES, WE MUST ALSO MAKE ~~THE~~ electrical home APPLIANCES ~~INSIDE THE HOME~~ MORE EFFICIENT. I PROPOSE LEGISLATION THAT WOULD, FOR THE FIRST TIME, impose ~~ESTABLISH~~ STRINGENT EFFICIENCY STANDARDS FOR HOUSEHOLD APPLIANCES BY 1980. ~~SUCH STANDARDS ARE COMMON IN ALMOST EVERY OTHER INDUSTRIALIZED NATION IN THE WORLD.~~ (TRUE?) WE CAN NO ~~LONGER AFFORD TO DO WITHOUT THEM.~~

~~IF WE ARE SERIOUS ABOUT CONSERVING ENERGY,~~ WE MUST ALSO REFORM OUR UTILITY RATE STRUCTURE. FOR MANY YEARS WE HAVE REWARDED WASTE BY OFFERING THE CHEAPEST RATES TO THE LARGEST USERS. IT IS DIFFICULT FOR INDIVIDUAL STATES TO

MAKE SUCH REFORMS BECAUSE OF THE COMPETITION ~~AMONG STATES~~ FOR INDUSTRY. NEW ~~ENERGY~~. THE ONLY FAIR WAY IS ~~FOR THE FEDERAL GOVERNMENT APPROACH~~ TO ADOPT A ~~UNIFORM, NATIONWIDE~~ set of principles to be applied nationwide. ~~TO SHOULDER THIS RESPONSIBILITY.~~

I AM THEREFORE PROPOSING LEGISLATION WHICH WOULD REQUIRE THE FOLLOWING STEPS ~~OVER THE NEXT TWO YEARS~~ over the next two years.

-- PHASING OUT ~~OF~~ PROMOTIONAL RATES AND OTHER PRICING SYSTEMS THAT MAKE NATURAL GAS AND ELECTRICITY ARTIFICIALLY CHEAP FOR HIGH-VOLUME USERS AND WHICH DO NOT ACCURATELY REFLECT COSTS.

-- ~~ESTABLISHMENT OF~~ PEAK-LOAD PRICING SYSTEMS, ~~TO~~ WHICH offer higher CHARGES during the day ~~MOST~~ WHEN DEMAND IS GREATEST AND, lower charges when demand ~~LEAST WHEN IT IS~~ SMALL.

-- INDIVIDUAL METERS FOR EACH APARTMENT IN NEW ~~APART-MENT~~ BUILDINGS INSTEAD OF ONE MASTER METER. WE HAVE ALREADY IP

BEGUN PLANS FOR THE TVA SYSTEM TO ACT AS A GIANT MODEL FOR IMPLEMENTING NEW PROGRAMS TO CONSERVE ENERGY.

ONE FINAL STEP TOWARD CONSERVATION IS TO ENCOURAGE INDUSTRIES AND UTILITIES TO EXPAND "COGENERATION" PROJECTS, WHICH CAPTURE MUCH OF THE STEAM THAT IS NOW WASTED IN generating ELECTRICITY ~~GENERATORS~~. IN GERMANY, 29 PER CENT OF TOTAL ENERGY COMES FROM COGENERATION, BUT ONLY 4 PER CENT IN THE UNITED STATES.

I PROPOSE ~~[THAT WE OFFER]~~ an additional a special 10 PER CENT TAX CREDIT FOR INVESTMENTS IN COGENERATION. ~~[TO SET THE PROPER EXAMPLE, [I PROPOSE THAT] THE FEDERAL GOVERNMENT~~ (WOULD) ~~LAUNCH A COGENERATION PROGRAM AT ITS URANIUM ENRICHMENT PLANT SITES [IN TENNESSEE, KENTUCKY AND OHIO, PLUS THE NUCLEAR FACILITY IN SOUTH CAROLINA.]~~

WE ALSO NEED AUTHORITY IN A TIME OF NATIONAL EMERGENCY TO IMPOSE FUEL RATIONING AND TO IMPLEMENT OTHER CONTINGENCY PLANS.

~~II. PRODUCTION~~

along with
~~AFTER~~ CONSERVATION, OUR SECOND MAJOR STRATEGY IS PRODUCTION and rational pricing.

WE CAN NEVER INCREASE OUR PRODUCTION OF OIL AND NATURAL GAS BY ENOUGH TO MEET OUR DEMAND, BUT WE MUST BE SURE THAT OUR PRICING SYSTEM IS SENSIBLE, discourages waste ~~AND DOES NOT ARTIFICIALLY DISCOURAGE~~ and encourages EXPLORATION AND new PRODUCTION.

ONE OF THE PRINCIPLES OF OUR ENERGY POLICY IS THAT THE PRICE OF ENERGY SHOULD REFLECT ITS TRUE REPLACEMENT COST, ~~THAT IS~~ ONE OF THE BEST WAYS TO BRING SUPPLY AND DEMAND INTO BALANCE OVER THE LONG-RUN. REALISTIC PRICING IS ESPECIALLY IMPORTANT FOR OUR SCARCEST FUELS, OIL AND NATURAL GAS.

~~I PROPOSE THAT THE OIL PRICE CONTROL PROGRAM SHOULD BE EXTENDED AND CHANGED.~~ ~~UNDER THIS SYSTEM,~~ THE PRICE OF

NEWLY DISCOVERED OIL WOULD BE ALLOWED TO RISE, OVER A 3-YEAR PERIOD, TO THE 1977 WORLD MARKET PRICE, WITH ALLOWANCES FOR INFLATION. THE CURRENT ~~PRICE LIMITS~~ return to producers FOR PREVIOUSLY DISCOVERED OIL WOULD REMAIN THE SAME, EXCEPT FOR ADJUSTMENTS BECAUSE OF INFLATION.

BECAUSE ~~EQUITY~~ fairness IS AN ESSENTIAL STRATEGY OF OUR ENERGY PROGRAM, WE DO NOT WANT TO GIVE PRODUCERS WINDFALL PROFITS, BEYOND THE INCENTIVES THEY NEED FOR EXPLORATION AND PRODUCTION.

THEREFORE, I PROPOSE THAT WE phase in on ~~SUBJECT ALL~~ existing supplies of DOMESTIC OIL ~~TO~~ A WELLHEAD TAX, EQUAL TO THE DIFFERENCE BETWEEN THE present CONTROLLED PRICE OF OIL AND THE WORLD PRICE, (AND RETURN) ~~ALL~~ THE MONEY COLLECTED BY THIS TAX ~~WOULD BE RETURNED~~ TO THE CONSUMERS AND WORKERS OF AMERICA, [THROUGH ~~INCREASED TAX CREDITS AND DECREASED WITHHOLDING.~~] THESE CREDITS [WILL HAVE A PROGRESSIVE EFFECT AND] ~~WILL GIVE THE GREATEST HELP TO CONSUMERS WHO HAVE THE MOST DIFFICULTY COPING WITH HIGHER ENERGY PRICES.~~ pay for energy taxes

IN ORDER TO ENCOURAGE FULL EXPLORATION OF THE OUTER CONTINENTAL SHELF, WE HAVE SUPPORTED CONGRESSIONAL EFFORTS TO REFORM THE OCS BIDDING PROCEDURE TO PROVIDE GREATER ENVIRONMENTAL SAFEGUARDS, AND ALLOW SMALL COMPANIES TO SHARE IN THE EXPLORATION.

I REQUEST AUTHORITY TO REDUCE PRODUCTION OF OIL FROM NAVAL RESERVE STORAGE, AND TO REMOVE FEDERAL SUBSIDIES AND LIMITS ON THE IMPORTATION OF LIQUID NATURAL GAS.

AS ~~I SAID MANY TIMES DURING THE LAST YEAR,~~ I WANT TO WORK WITH THE CONGRESS TO DEREGULATE THE PRICE OF newly discovered NEW NATURAL GAS. ~~DEREGULATION WOULD PROVIDE AN INCENTIVE FOR NEW EX=~~ PLORATION AND HELP OUR NATION'S OIL AND GAS OPERATORS ATTRACT ~~NEEDED CAPITAL.~~

we should also
~~IT WOULD ALSO~~ END THE ARTIFICIAL DISTORTIONS IN NATURAL GAS PRICES IN DIFFERENT PARTS OF THE COUNTRY WHICH HAVE CAUSED

PEOPLE IN ~~SOME SOUTHERN~~ the producing STATES TO PAY EXORBITANT PRICES, ~~AND~~ WHILE CREAT~~ED~~ING SHORTAGES, UNEMPLOYMENT AND ECONOMIC STAGNATION, PARTICULARLY IN THE NORTHEAST. WE MUST NOT PERMIT ENERGY SHORTAGES TO BALKANIZE OUR NATION.

→* AS A FIRST STEP, I PROPOSE THAT THE PRICE LIMIT FOR all NEW GAS, ~~WITHIN PRODUCING STATES OR THAT~~ SOLD ANYWHERE IN THE COUNTRY, ~~SHOULD~~ BE SET AT THE PRICE OF THE ~~BTU~~ EQUIVALENT OF DOMESTIC CRUDE OIL. THAT ~~WOULD~~ will MEAN A PRICE ~~LIMIT~~ OF ABOUT $1.75 PER ~~MCF~~ thousand cubic feet IN 1978. THIS PROPOSAL ~~WOULD~~ will APPLY BOTH TO NEW GAS AND TO EXPIRING INTRASTATE CONTRACTS. IT WOULD NOT AFFECT EXISTING ~~INTRASTATE~~ CONTRACTS, ~~NOR EXTREMELY HARD-TO-FIND GAS.~~

~~III. CONVERSION~~

OUR ~~PRODUCTION~~ producing AND CONSERVATION STRATEGIES WILL ~~HELP GUARD OUR PRECIOUS FUELS. WE ESTIMATE THAT THEY WILL~~ SAVE about 5 MILLION BARRELS OF OIL ~~EQUIVALENT~~ BY 198 5. move down

~~BUT~~ WE MUST BE SURE THAT OIL AND NATURAL GAS ARE NOT WASTED BY INDUSTRIES AND UTILITIES THAT COULD USE COAL INSTEAD. OUR THIRD STRATEGY WILL BE CONVERSION FROM SCARCE FUELS TO COAL WHENEVER POSSIBLE.

Although coal now provides only 18% of our energy needs, it ~~COAL~~, IS OUR MOST ABUNDANT ENERGY RESOURCE, MAKING UP 90 PER CENT OF OUR RESERVES. ITS PRODUCTION AND USE CREATE ENVIRONMENTAL DIFFICULTIES, BUT WE CAN COPE WITH THEM THROUGH ~~STRINGENT~~ strict STRIP-MINING AND CLEAN AIR ~~REGULA-~~ standards. ~~TIONS.~~

TO INCREASE THE USE OF COAL BY 400 million TONS, OR 65 PER CENT, IN INDUSTRY AND UTILITIES BY 1985.

I PROPOSE THE FOLLOWING MEASURES:

-- A ~~RISING~~ sliding scale TAX, STARTING IN 1979, ON large INDUSTRIAL USE OF oil and NATURAL GAS. ~~IN 1980 THE TAX WOULD BE 30 CENTS ABOVE THE BTU EQUIVALENT OF THE CONTROLLED PRICE OF DOMESTIC OIL.~~ BY

1985, ~~THE TAX WOULD BE 75 CENTS.~~ FERTILIZER MANUFACTURERS WOULD AND CROP DRYERS WHICH MUST USE GAS ~~WILL~~ BE EXEMPT FROM THE TAX.

-- ~~A SIMILAR TAX ON INDUSTRIAL USE OF OIL. THE TAX WOULD RISE FROM $1.20 PER BARREL IN 1979 TO $2.70 PER BARREL IN 1985.~~ UTILITIES WOULD NOT BE SUBJECT TO THESE TAXES ~~STARTING~~ UNTIL ~~IN~~ 1985, BECAUSE IT WILL TAKE THEM LONGER TO CONVERT TO COAL.

I WILL ALSO SUBMIT PROPOSALS FOR EXPANDED RESEARCH AND DEVELOPMENT IN COAL. WE NEED TO FIND BETTER WAYS TO MINE IT SAFELY AND BURN IT CLEANLY, AND TO USE IT TO PRODUCE CLEAN ENERGY SOURCES, ~~SUCH AS LOW BTU GAS~~. WE HAVE SPENT BILLIONS ON RESEARCH AND DEVELOPMENT OF NUCLEAR POWER, BUT VERY LITTLE ON COAL. INVESTMENTS HERE CAN PAY ~~SUCH~~ RICH DIVIDENDS.

EVEN WITH THIS CONVERSION EFFORT, WE WILL STILL FACE A GAP -- BETWEEN THE ENERGY WE NEED AND THE ENERGY WE CAN

Therefore, as a last resort we must continue to use increasing amounts of ~~as a last resort~~ ~~certain~~

PRODUCE AND IMPORT. ~~TO FILL THIS GAP,~~ WE WILL ~~HAVE, TO USE~~ ~~have to use~~

NUCLEAR ENERGY.

WE NOW HAVE 63 NUCLEAR POWER PLANTS, PRODUCING ABOUT 3 PER CENT OF OUR TOTAL ENERGY, and about 70 more are licensed for construction. DOMESTIC URANIUM SUPPLIES CAN SUPPORT ~~AT LEAST 300 SUCH~~ these PLANTS FOR another ~~150~~ 75 ~~30~~ YEARS.

Effective conservation efforts can minimize the shift toward nuclear power.

THERE IS NO NEED TO ENTER THE PLUTONIUM AGE BY LICENSING OR BUILDING A COMMERCIAL FAST BREEDER REACTOR such as the proposed plant at Clinch River. ~~IN THE FORESEEABLE FUTURE~~.

WE MUST, however, ~~HOWEVER,~~ INCREASE OUR CAPACITY TO PRODUCE ENRICHED URANIUM FOR LIGHT WATER NUCLEAR POWER PLANTS, using the NEW CENTRIFUGE TECHNOLOGY, WHICH consumes only ~~USES~~ 1/10 THE ENERGY OF EXISTING GASEOUS DIFFUSION PLANTS. ~~WILL NOW BE BUILT.~~

Also, ADEQUATE STORAGE FOR SPENT NUCLEAR FUEL must ~~WILL ALSO~~ will be required. ~~BE PROVIDED~~.

WE MUST ALSO REFORM THE NUCLEAR LICENSING PROCEDURE. Proper siting, safety standards, and plant supervision must be guaranteed.

~~WHICH NOW IRRITATES NEARLY EVERYONE INVOLVED.~~ However, EVEN WITH THE MOST THOROUGH SAFEGUARDS, IT SHOULD NOT TAKE TEN YEARS TO LICENSE A PLANT. I PROPOSE THAT WE ESTABLISH REASONABLE, OBJECTIVE CRITERIA FOR LICENSING, AND THAT PLANTS WHICH ARE BASED ON A STANDARD DESIGN NOT REQUIRE EXTENSIVE INDIVIDUAL LICENSING.

~~IV. DEVELOPMENT~~

~~WE KNOW THE TASK WE FACE FOR THE NEXT TEN OR TWENTY YEARS:~~ WE MUST USE THE FUELS ~~WE HAVE, AND CONSERVE WHERE WE CAN. BUT ONE GENERATION FROM NOW, AND THROUGH THE NEXT~~ also an additional CENTURY, ~~WE FACE A NEW CHALLENGE AND A NEW OPPORTUNITY --~~ ~~THE CHALLENGE OF~~ to DEVELOP~~ING~~ e PERMANENT and RELIABLE new ENERGY SOURCES. ~~AND THE OPPORTUNITY OF USING THEM.~~ ~~DEVELOPING THESE SOURCES IS~~ OUR FOURTH STRATEGY. (5) #2

THE MOST PROMISING ~~RENEWABLE ENERGY SOURCE~~ IS SOLAR ENERGY, FOR WHICH MUCH OF THE TECHNOLOGY IS ALREADY AVAILABLE.

SOLAR ~~HOT~~ WATER HEATERS AND SPACE HEATERS ARE ~~NEARLY~~ READY FOR COMMERCIALIZATION. ALL THEY NEED IS ~~A TEMPORARY~~ some some INCENTIVE TO ~~STIMULATE~~ initiate THE GROWTH OF A LARGE MARKET.

THEREFORE, I AM PROPOSING A GRADUALLY DECREASING TAX CREDIT, TO RUN FROM NOW THROUGH 1984, FOR APPROVED SOLAR HEATING EQUIPMENT. ~~INSTALLED IN HOMES~~ on buildings. Initially. ~~IN THE FIRST YEAR~~, IT WOULD BE 40 PER CENT OF THE FIRST $1,000 AND 25 PER CENT OF THE NEXT $6,400 INVESTED.

~~THERE ARE A VARIETY OF OTHER STEPS I WILL PROPOSE TO MAKE PERMANENT ENERGY SOURCES MORE PRACTICAL AND EFFECTIVE:~~

-- FEDERAL SUPPORT FOR LOANS AND MORTGAGE EXTENSIONS TO FINANCE SOLAR HEATING SYSTEMS;

-- A ~~FIVE~~ three YEAR, ~~$200 MILLION EFFORT~~ program TO INSTALL SOLAR SYSTEMS IN MANY FEDERAL BUILDINGS; AND

-- MORE EXTENSIVE RESEARCH AND DEVELOPMENT INTO PERMANENT ENERGY SOURCES. [I PROPOSE THAT] WE [SHOULD] CREATE AN OFFICE OF SMALL SCALE TECHNOLOGIES TO FUND SMALL, CREATIVE PROJECTS AND SUPPORT INDIVIDUAL INVENTORS AND ENTREPRENEURS.

INCREASED PRODUCTION OF GEOTHERMAL ENERGY CAN BE INSURED BY PROVIDING THE SAME TAX INCENTIVES AS FOR GAS AND OIL DRILLING OPERATIONS.

~~V. EQUITY~~

OUR GUIDING PRINCIPLE, AS WE DEVELOPED THIS PLAN, WAS THAT ABOVE ALL IT MUST BE FAIR.

NONE OF OUR PEOPLE MUST MAKE AN UNFAIR SACRIFICE.

NONE SHOULD REAP AN UNFAIR BENEFIT.

THE DESIRE ~~TO~~ FOR EQUITY IS REFLECTED THROUGHOUT OUR PLAN. [~~PROPOSALS~~]

-- IN THE WELLHEAD TAX, WHICH ENCOURAGES CONSERVATION BUT IS RETURNED TO THE PUBLIC;

-- IN A DOLLAR-FOR-DOLLAR REFUND OF THE wellhead TAX as it affects HOME HEATING OIL;

-- IN REDUCING THE unfairness ~~INEQUITY~~ OF NATURAL GAS PRICING; ~~WHICH HAD SET REGION AGAINST REGION;~~

-- IN ENSURING THAT HOMES WILL HAVE THE oil and NATURAL GAS THEY NEED, WHILE INDUSTRY TURNS TOWARD THE MORE ABUNDANT COAL THAT CAN ALSO SUIT ITS NEEDS;

-- IN BASING UTILITY PRICES ON TRUE COST, SO EVERY USER PAYS ~~HIS WAY~~ A FAIR SHARE;

-- IN THE AUTOMOBILE TAX AND REBATE SYSTEM, WHICH REWARDS THOSE WHO SAVE OUR ENERGY AND PENALIZES THOSE WHO ~~CHOOSE TO~~ WASTE IT.

I PROPOSE ONE OTHER STEP TO insure proper balance in ~~EMPHASIZE THE EQUITY OF~~ OUR PLAN. WE NEED more accurate ~~BETTER~~ INFORMATION ABOUT OUR SUPPLIES OF ENERGY, AND ABOUT THE COMPANIES THAT PRODUCE IT.

IF WE ARE ASKING SACRIFICES OF OURSELVES, WE NEED FACTS WE CAN COUNT ON. WE NEED ~~THIS PLAN WILL PROPOSE~~ AN INDEPENDENT INFORMATION SYSTEM THAT WILL GIVE US ~~THE~~ ~~ACCURATE~~, RELIABLE DATA ~~WE NEED~~ ABOUT ENERGY RESERVES AND PRODUCTION, EMERGENCY CAPABILITIES AND FINANCIAL DATA FROM THE ENERGY PRODUCERS.

I HAPPEN TO BELIEVE IN COMPETITION, AND we don't ~~I'M NOT SURE~~ ~~WE~~ HAVE ENOUGH OF IT.

DURING THIS TIME OF INCREASING SCARCITY, COMPETITION AMONG ENERGY PRODUCERS AND DISTRIBUTORS MUST BE GUARANTEED. companies I RECOMMEND ~~IT IS RECOMMENDED~~ THAT individual ~~SEPARATE~~ ACCOUNTING BE REQUIRED of energy FOR PRODUCTION, REFINING, DISTRIBUTION, and marketing-separately for ~~SALES AND~~ DOMESTIC AND FOREIGN OPERATIONS ~~FOR EACH MAJOR ENERGY COMPONENT~~. ~~STRICT~~ Strict enforcement of the anti-trust laws

Can be based on this data, and may prevent
~~ENFORCEMENT OF ANTI-TRUST LAWS BASED ON THIS DATA CAN PREVENT~~
the need for ~~vertical~~ divesture.
~~THE NEED FOR VERTICAL AND HORIZONTAL DIVESTITURE.~~ ?

PROFITEERING THROUGH TAX SHELTERS SHOULD BE PREVENTED, AND INDEPENDENT DRILLERS SHOULD HAVE THE SAME INTANGIBLE TAX CREDITS AS ~~ARE NOW ENJOYED BY~~ THE MAJOR CORPORATIONS.

THE ENERGY INDUSTRY SHOULD NOT REAP LARGE UNEARNED PROFITS. ~~RETURNS FROM INCREASING PRICES~~ Increasing prices on existing inventories & oil should not result in windfall gains but SHOULD BE CAPTURED ~~BY THE GOVERNMENT~~ FOR THE PEOPLE OF OUR COUNTRY.

WE MUST MAKE IT CLEAR TO EVERYONE IN THIS COUNTRY THAT THE PEOPLE, THROUGH THEIR GOVERNMENT, will now be ~~ARE~~ SETTING OUR ENERGY POLICY. ~~AND NOT THE ENERGY COMPANIES.~~

~~IN ORDER TO~~ carry out ~~IMPLEMENT THIS POLICY,~~ THE NEW DEPARTMENT OF ENERGY SHOULD BE ESTABLISHED WITHOUT DELAY. CONTINUED FRAGMENTATION OF GOVERNMENT AUTHORITY AND RESPONSIBILITY FOR OUR NATION'S ENERGY PROGRAM IS DANGEROUS AND UNNECESSARY.

~~(ENDING #2)~~

TWO NIGHTS AGO, I SAID THAT THIS DIFFICULT EFFORT WOULD BE THE MORAL EQUIVALENT OF WAR, ~~(insert)~~ IT WILL DEMAND THE BEST OF US -- OUR VISION, OUR ~~SELFLESSNESS~~, ~~OUR WILLINGNESS TO COOPERATE AND BEAR~~ dedication our courage, and our sense of common purpose BURDENS.

BUT WE HAVE MET CHALLENGES BEFORE, AND OUR NATION HAS BEEN THE STRONGER FOR IT. THAT IS THE RESPONSIBILITY WE FACE TOGETHER NOW -- YOU IN THE CONGRESS, THE MEMBERS OF ~~MY~~ my ADMINISTRATION, AND ALL THE PEOPLE OF OUR COUNTRY. ~~LET US BEGIN~~

# # #

If successful, this effort will protect our jobs, our environment, our national independence, our standard of living, and our future. Our energy policy will be innovative, but fair and predictable. It will not be easy.